Phelps, N. and Raines, P. (2003) *The New Competition for Inward Investment.* Edward Elgar; Cheltenham, Gloucestershire. 231pp. ISBN 1 84064 785 X.

An edited collection on inward investment could easily have been a rather dull series of case studies. Not so with Phelps and Raines, who have commissioned not only a balanced mix of empirical and more conceptual chapters but also material spanning three continents. The collection is the 13th title in the 'New Horizons in International Business' series, edited by Peter Buckley, University of Leeds.

The book will be a useful resource for advanced undergraduate and post-graduate students of economic geography and regional economics. It will also appeal to economic development policy makers and practitioners with a curiosity about how regions and nations in other parts of the world approach attracting inward investment. The Crotty and Lovering chapters will give policy makers food for thought.

This reviewer is not convinced by the publisher's claim that the book will appeal to scholars of international business, regional science, regional economic development, economic geography and town planning. While there are conceptual insights, nothing here is new with most of the substantive points having previously been made elsewhere. Nevertheless, the volume represents a relatively novel collection of material spanning a variety of industrial sectors and several countries (including communist regimes).

The departmental affiliation of the 14 contributors encompass area studies, economics, geography, management science and town planning, making this is a genuinely inter-disciplinary book. The blend works well, although eight of the 14 are geographers, giving the book a distinctly geographical slant.

The two 'anchor men' in developing the theoretical aspects of the volume are Crotty and Lovering whose chapters set the economic, political and institutional context in which inward investment takes place. Crotty convincingly argues that deregulation has damaged economic growth over the last 30 years, particularly in 'core' industries (chiefly heavy engineering and manufacturing) which are characteristed by large fixed costs, immobile 'sunk' investment and low marginal costs. These industries are 'natural oligopolies' in that the costs of entry and exit are high, making it rational for existing firms to remain trading even when not covering depreciation for extended periods of time. This makes it difficult for market entrants to compete, since established firms can cut prices to marginal cost and drive new competition out of business. Thus financial deregulation in particular has resulted in 'coerced competition', the result of which is overinvestment in cost-cutting plant and technology. This in turn leads to overcapacity, lower prices and lower profits. Not only does Crotty argue that neo-liberalism has slowed growth in industrialised economies, but that, in the context of globalisation, has also made it difficult for many less developed countries to catch up. Crotty criticises the World Bank, International Monetary Fund and the World Trade Organisation for forcing developing countries into liberalising their markets and frontiers (including accepting foreign direct investment), stating that "no country has developed successfully in the post WWII era without extensive state interference in market processes" (p.34).

Lovering examines the institutions and policy discourse in which the received wisdom of attracting inward investment has emerged. He identifies a shift from a discourse focussing on 'development' to one concerned with 'competitiveness'. Crucially, Lovering argues, 'development' is tangible but 'competitiveness' is much less easy to define, let alone measure. The result is that inward investment has become the gold standard in demonstrating a region's 'competitiveness'.

Lovering goes on to examine the 'Regional Service Class', the regional elite of regional economic development agency staff, consultants, academics and politicians, which creates and perpetuates the New Regionalism/ competitiveness discourse. Although acknowledging the constraints under which they operate, Lovering is highly critical of the Regional Service Class for being non-representative of the business community and the populations they serve. More fundamentally, Lovering suggest that the region is not an appropriate scale at which to implement economic development policies, on the basis that firms tend to operate either at global or local scales. Furthermore, Lovering identifies a lack of rigour in much writing on the New Regionalism, evidenced by "the recent torrent of writing on 'learning' and 'knowledge', a remarkable proportion of which seems to be unfettered by either fact or theory" (p.45). Some cutting anti-Porterism comments are entertaining but also serve to make serious points.

Reid and Gatrell present a detailed and rigorous application of the notion of information asymmetries to the decision of Chrysler to maintain the production of Jeep in Toledo, Ohio. As such, the conclusions have resonance far beyond Toledo. Crucially, Reid and Gatrell conclude that, because Chrysler knew under what circumstances they would close their plant in Toledo but the city authorities did not, the manufacturer was able to manipulate the situation in order to obtain the maximum incentives the City was prepared to offer.

Three chapters identify the interesting and important, but previously neglected, issue of mobile versus immobile capital. Research and policy have tended to overemphasise the former, failing to recognise the importance of the closure of existing plants (Watts) and the expansion and embeddedness of indigenous firms (Raines and Wood).

Other chapters provide insights in places, for example Graham's analysis of the tension in the US between Federal and State policies, being mildly anti- inward investment and pro- inward investment respectively. However, some chapters resort to unimaginative descriptive accounts of 'FDI in X'. While these chapters add to the international flavour of the book, it is difficult to see what they really contribute.

The editors provide useful chapters to introduce and conclude the volume, although they are somewhat brief. The concluding chapter perceptively identifies two tensions in economic development: first, globalisation versus localisation; and second, territorial versus corporate governance. Drawing on these tensions, Raines and Phelps develop an interesting 2x2 matrix indicating the four combinations of strong and weak inter-territorial and inter-corporate competition. Each cell is labelled according to the type of globalisation or localisation that it engenders.

This is a well produced and well written book. It has been thoroughly proof read, is on the whole attractive, and it has author and subject indexes.

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